

TO PERMIT THE MERGER OF STREET-RAILWAY CORPORATIONS
OPERATING IN THE DISTRICT OF COLUMBIA, AND FOR OTHER
PURPOSES

FEBRUARY 9, 1925.—Committed to the Committee of the Whole House on the
state of the Union and ordered to be printed

Mr. ZIHLMAN, from the Committee on the District of Columbia, sub-
mitted the following

R E P O R T

[To accompany H. R. 12087]

The Committee on the District of Columbia, to whom was referred the bill (H. R. 12087) to permit the merger of street-railway corporations operating in the District of Columbia, and for other purposes, having considered the same, report favorably thereon with the recommendation that it do pass.

The act of March 4, 1913, chapter 150, provides that public utilities in the District of Columbia may merge upon regulations by the Public Utilities Commission and by authority given by them. In the same chapter it is provided that it shall be unlawful for public utilities in the District of Columbia to merge. This section of the law is quoted herewith:

SEC. 11. That it shall be unlawful for any foreign public utility corporation, or for any foreign or local holding corporation, or for any local street railroad corporation, gas corporation, electric corporation, telephone corporation, telegraph corporation, or any other local public utility corporation, directly or indirectly, to own, control, or hold or vote stock or bonds of any public utility corporation organized under any general incorporation law or special act of the United States or authorized under any law of the United States to do business in the District of Columbia, except as heretofore or hereafter expressly authorized by Congress; and it shall be unlawful for any public utility corporation organized or authorized as aforesaid to sell or transfer any portion of its stock or bonds to any other public utility corporation or holding corporation whatsoever, unless heretofore or hereafter expressly authorized by Congress so to do; and every contract, transfer, agreement to transfer, or assignment by any said public utility corporation organized or authorized as aforesaid of any portion of its stock or bonds without such authority shall be utterly void and of no effect. That the Supreme Court of the District of Columbia, on application of the District of Columbia by its commissioners or attorney, or on application of the United States by its proper officer, or on application of any shareholder interested in any such corporations, shall have jurisdiction in equity to dissolve any public utility cor-

poration organized under any general incorporation law or special section of the United States, or authorized under any law of the United States to do business in the District of Columbia, for violations of any of the provisions of this section or of their charters; and further, to require any foreign public utility corporation, or foreign or local holding corporation, which owns, holds, or controls, or which shall hereafter own, hold, or control any such stock or bonds contrary to any of the provisions of this section, to sell or dispose of the same and to refrain from voting such stock or bonds: *Provided*, That in case the allegations in any bill filed in said court relate to the ownership of stock or bonds of a local corporation by any foreign corporation, then it must be shown to the satisfaction of the court that such ownership includes at least 20 per centum of the capital stock of the local corporation.

That the word "foreign" when used in this section shall be construed to mean foreign to the District of Columbia, and the word "local" when used in this section shall be construed to mean local in the District of Columbia.

That each provision of this section and every part of each provision is hereby declared to be an independent provision, and the holding of any provision or provisions, or part or parts thereof, to be void, ineffective, or unconstitutional for any cause shall not be deemed to affect any other provision or part thereof.

The purpose of this bill is to remove this inhibition upon street-car companies in the District of Columbia to merge. Your committee believes we should give this power to merge to the companies which they do not now have, and which they have evidenced a willingness to do if this prohibition of merger is removed.

Your committee believes that after we have given this power to the companies we should give them a reasonable time in which to merge, and if they do not do so voluntarily by agreement, then Congress should take such steps as will force a merger of the existing companies. If this can not be done directly, then it should be done by restrictive legislation which would render it unprofitable to the companies to continue the separate entities now existing.

Under the present system the public utilities commission fixes a rate of fare to enable companies to earn a fair return on the physical value of the property held by them, and the rate of fare so fixed applies to all companies so the car riders of the District are forced to pay to one company a rate of fare which has in the past resulted in more than a fair return in order to uphold the earning powers of the other company.

Your committee believes this unfair to the users of public utilities in the District and that these companies which are holding franchises from Congress should adjust their affairs so as to render efficient and satisfactory service at the lowest possible cost.

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